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INSIDE EIGHT PAGES FROM SUNDAY'S

The New York Times WEEKLY REVIEW

PM, Arafat agree to Washington summit

PRIME Minister Binyamin Netanyahu and Palestinian Authority Chairman Yasser Arafat will meet in Washington tomorrow...

Christopher cautioned that because neither Netanyahu nor Arafat could afford to be away from home for a long visit...

HILLEL KUTTLER and news agencies

particularly wanted to thank Netanyahu and Arafat for accepting his invitation...

Moussa said, "President Mubarak is definitely upset at the negative developments that have occurred and that the peace process, as it is, is really teetering..."

Last night, King Hussein and President Ezer Weizman spoke with Mubarak in an attempt to convince him to attend...

During Clinton's conversation with Netanyahu, he said he hoped an Arab-Israeli summit in Washington would halt violence and advance peace...

"During the 20-minute conversation, the prime minister thanked the president for his invitation to the Washington summit and expressed his appreciation for the president's attempts to help move the peace process forward..."

"The president said the results required of the summit in Washington are a stop to the violence and the early resumption of negotiations on outstanding issues..."

spokesman said.

Netanyahu, he added, agreed with Clinton's comments and said that for Israel the aim of the summit would be to ensure the region calms down and peace talks between Israel and the Palestinians are renewed.

Interviewed on CNN, Netanyahu affirmed he would not close the new exit to the Hasmonean Tunnel and stated that such a move would not be considered as a gesture in the talks.

He also said that while he remains committed to a Hebron redeployment, last week's events demonstrate the need to first modify security agreements there.

In announcing the summit, Clinton acknowledged he was calling it because previous US efforts had produced "not enough" progress toward calming the situation. He said he was prepared "to do everything in my power" to help end the violence and restart talks.

"Therefore, after consulting with Secretary Christopher, who has literally (Continued on Page 9)



Visitors to the Hasmonean Tunnel in Jerusalem yesterday leave through the new exit on the Via Dolorosa, as a policeman looks on. Stories, Page 3.

Netanyahu willing to 'accelerate' talks

DAVID MAKOVSKY

IMMEDIATELY after President Bill Clinton's invitation to the White House summit, Prime Minister Binyamin Netanyahu said for the first time that Israel was willing to "accelerate" the pace of the peace talks.

Some officials in the Prime Minister's Office have conveyed to the US that they are not opposed to holding round-the-clock talks until an agreement on implementing the Oslo 2 accord is reached, but deny that Israel has formally consented to any such arrangement.

Netanyahu's foreign policy adviser Dore Gold met with top Palestinian negotiator Mahmoud Abbas last night to prepare for the two-day summit, which begins tomorrow.

Palestinian Authority Chairman Yasser Arafat agreed to go to Washington because he believes that Clinton's involvement will

not be a one-time affair, but that the US will be involved in talks on implementing the accord, diplomatic sources said yesterday.

"Arafat believes without a US role, he will be at a disadvantage in talks with Netanyahu beyond the summit, and therefore he answered Clinton's call," one official said.

Diplomatic sources said Arafat originally wanted to link his attendance to Netanyahu setting deadlines or target dates for implementation of Oslo 2 issues, such as Hebron, release of women prisoners, safe passage between the West Bank and Gaza, and further IDF redeployment in the territories. In the end, however, he accepted Clinton's invitation without this.

Egyptian President Hosni Mubarak's reluctance to attend derives precisely from the fact that there are no pre-arranged agreements (Continued on Page 2)

Joint patrols halted in West Bank

ARIEH O'SULLIVAN

ALL joint patrols in the West Bank have been put on hold, as the army is deploying more tanks around Palestinian-controlled areas, and is steadily increasing the pressure on the Palestinians to stabilize the situation.

The Palestinian Police appear to have gotten the message, but senior IDF officers say the situation could still erupt at any time.

Yesterday was markedly more quiet, with beefed-up Palestinian Police quickly stepping in to quell any sparks of unrest.

Two IDF soldiers were lightly wounded in stone-throwing incidents along the Israel-Egypt-Gaza border. The demonstrators also hurled fire bombs at the IDF position, but no damage was caused, the army said. If said Palestinian policemen quickly dispersed the rioters.

But reports from Egypt said a soldier was killed in the crossfire. His

death brought to three the number of Egyptians killed in the violence.

The IDF Spokesman, meanwhile, flatly denied an AP report from Cairo that six Israeli soldiers had fled Saturday into the Egyptian-controlled part of Rafah to escape Palestinian gunfire. The report said the Israelis would be returned when the security situation stabilized.

In the Gaza Strip, joint Israeli-Palestinian patrols have resumed, but those in the West Bank have not. Senior IDF officers said there has been a total breakdown of confidence in the Palestinian Police, who in some cases reportedly turned their guns on Israeli soldiers with whom they had patrolled only the day before.

The two Border Police officers who were killed near Tulkarm on Friday were members of the joint patrols. (Continued on Page 2)

No Shas option for Labor

SARAH HONIG

LABOR'S residual hopes of regaining power were dashed when it became evident yesterday that Shas would not vote no-confidence in the government or join in any initiative to force a national unity government on Prime Minister Binyamin Netanyahu.

Labor leader Shimon Peres was informed of Shas's position when he visited the succa of Shas mentor Rabbi Ovadia Yosef yesterday morning.

Last night, Yosef basted Netanyahu, as Labor's Ehud Barak waited his turn to be received.

Yosef, sources said, asked Netanyahu his opinion on national unity, and the prime minister said that at this juncture he sees no reason for it. Yosef did not press the point.

While Shas has again touted itself as a possible balance which could decide the fate of the government, its leaders admitted that, as things stand now, the party has no cause for complaint and no incentive to upset the coalition.

"Things may change only if the security situation becomes totally unbearable. But at present there is no pressure from Shas voters to change anything. In fact, our voters probably support the opening of the Hasmonean Tunnel exit, even if the party leadership had reservations about the timing," MK Shlomo Benizri said.

Yosef's Labor visitors reported that he told them that he deplores (Continued on Page 2)

TECHNION Israel Institute of Technology

The Jesselson Symposium On Ethics, Judaism and Technological Progress

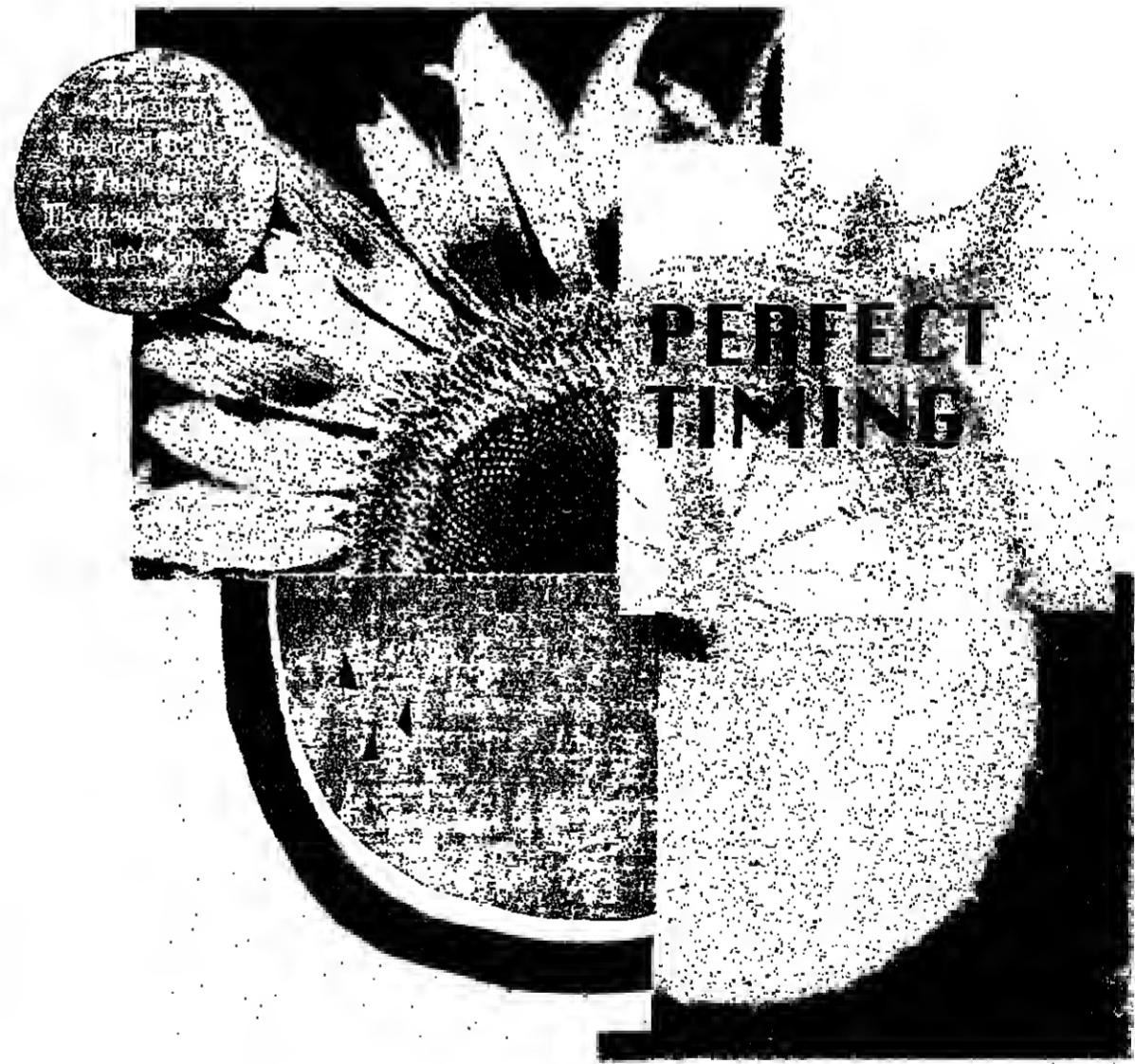
Technion-Israel Institute of Technology, Haifa, Israel, October 7-10, 1996

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List of Speakers

- Prof. T. Beauchamp, Georgetown U, USA
Prof. R. Chadwick, U of Central Lancashire, UK
Rabbi S.Y. Cohen, Haifa, ISRAEL
Prof. L. Engard, Hebrew U, ISRAEL
Prof. R. Faden, Johns Hopkins U, USA
Prof. S. Glick, Ben-Gurion U, ISRAEL
Dr. G.E. Grunfeld, Technion, ISRAEL
Lord. I. Jakobovits, London, UK
Dr. N. Lamm, Yeshiva U., USA
Prof. Z. Levy, Haifa U., ISRAEL
Dr. E. Melz, Bar-Ilan U., ISRAEL
Prof. E. Millgram, Princeton U, USA
Dr. B.M. O'Connell, Farmington, CT, USA
Prof. A. Shapira, Tel Aviv U., ISRAEL
Prof. M.H. Shapiro, USC, USA
Prof. P. Shulman, Hebrew U., ISRAEL
Dr. D. Statman, Bar-Ilan U., ISRAEL
Dr. A. Steinberg, Hebrew U., ISRAEL
Prof. S. Sternberg, Harvard U., USA
Prof. R.E. Thompson, Texas A&M U., USA
Prof. S. Welin, Goteborg, SWEDEN
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The Symposium will take place in Benjamin Auditorium, Segoe Building, Technion City. For further details please contact Dina, tel: 04-8294211.



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Hundreds tour Hasmonean Tunnel

AS politicians on both sides continued to argue the pros and cons of opening the exit to the Hasmonean Tunnel, hundreds of visitors yesterday took the opportunity to touch the Herodian stones, gaze into the depths of the Hasmonean watercourse, and pray at the point thought nearest the Holy of Holies.

According to Oded Wiener, director of the Religious Affairs Ministry's Holy Sites Division, between 500 and 600 people were to have gone through the tunnel by the end of the day, with similar numbers expected throughout the week. Although the site was in theory open to the public, the visitors were all members of groups which had reserved places soon after it had been announced that it had been opened.

Most of the visitors were knitted kippot, while a small number wore the distinctive hassidic shtrimeles. Wiener himself conducted a party of journalists, stressing that the tunnel had not in any way undermined the foundations of the Akasa Mosque or any other structure on the Temple Mount.

HAIM SHAPIRO

Wiener did show the one point at which Israeli workers had entered a tunnel leading into the Temple Mount. It was sealed with a mass of concrete and stones, which he said was a meter thick. He also rejected a journalist's suggestion that Israelis would try to find the implements of the Temple, which according to the Talmud had been hidden on the Temple Mount before the destruction of the Second Temple.

"When the messiah comes, we will find them. We have no interest in finding them now," he said. Wiener also pointed out a small arched spot in the wall which oozed with water. It was, he said, the place opposite the Holy of Holies. The spot was filled with soggy bits of paper upon which supplications had been written. As they passed the site, one group of visitors stopped and recited a psalm.

At the end of the Herodian stones marking the continuation of the Western Wall, the visitors suddenly found themselves walking along a curved passage, cut into the rock, the Hasmonean Tunnel,

made more dramatic by the fact that they were walking on a glass floor, with the illuminated bottom of the tunnel underneath them. Above the tunnel were Roman paving stones, laid after the destruction of the Temple.

This section, Wiener said, had been excavated over a year ago, but could not be opened to the public until an exit had been opened. At the end of the tunnel was the cistern, shared by the convent of the Sisters of Zion, on the other side of the Via Dolorosa.

A small opening in the wall was the only evidence of a previous attempt to find an exit, into a side street. For the present exit, visitors backtrack slightly to the east, under the stairs of the Omariya School. Yesterday, the school was closed and border policemen lounged on the steps. Additional police and Border Police patrolled the street, although aside from the exit itself, they were not very visible.

Among the visitors exiting was MK Zvi Hendel (National Religious Party) and his family. "You can see the truth with your own eyes, the history of the Jewish people which they are trying to suppress," Hendel said.



IDF tanks deploy on the outskirts of Nablus yesterday.

(Khaled Zuhairi)

Yeshiva head calls for enlarging Israeli area around Joseph's Tomb

HERB KEINON

SETTLEMENT leaders yesterday called on the government to expand the area around Joseph's Tomb that is under Israeli control, and to fundamentally change security at the site. Six IDF soldiers were killed on Thursday defending the tomb.

"The fighting proved that the notion that the soldiers will guard the tomb, and that Palestinian soldiers will keep the Palestinian masses away from the IDF, is dead," said Eli Rosenfeld, director of the Od Yosef Hai Yeshiva in the compound.

"This situation is insufferable," Rosenfeld said. "The IDF has to organize in such a way that it does not have to depend on the Palestinians to guard them. The IDF has to provide military protection for the cave without depending on the Palestinians."

To do this, he said, the area under Israeli control at the tomb has to be enlarged.

Rosenfeld also called on the government to insist, as it resolved at its cabinet meeting on Friday, that the entire compound — including the IDF outpost which was taken over by

Palestinian forces on Thursday — be returned to exclusive IDF control.

Settlement officials, quoting IDF officers in the area, say there are currently between 20 and 40 soldiers in the compound, with forces belonging to Palestinian Preventive Security chief Col. Jibril Rajoub in the IDF outpost just outside the yeshiva. When the rioting began in Judea and Samaria on Wednesday, said Samaria regional Council head Aryeh Ofri, there were seven soldiers in the compound, a number that was upped to 12 on Thursday because of anticipated problems.

Rosenfeld said that the Palestinians who stormed the tomb ransacked the yeshiva, destroying books and furniture. The soldiers succeeded in retrieving two Torah scrolls at the site, he said. Ofri said that a fresh contingent of IDF forces entered the compound on Friday on vehicles supplied by Rajoub, and that yesterday an IDF jeep entered the compound accom-

panied by Rajoub's men.

The IDF, according to Ofri, has placed heavy equipment, such as tanks, APCs and Cobra combat helicopters, on the outskirts of Nablus in the event of another attack on the tomb.

Rosenfeld would not comment on Defense Minister Yitzhak Mordechai's reported decision to pull the IDF forces out of the compound Thursday, a decision that was later reversed, other than to say that he "does not envy Mordechai's position," and that he wants to believe it was decision "made during a moment of weakness."

Ofri, however, said he was "stunned" by Mordechai's willingness to abandon the tomb.

The yeshiva at the tomb has long been considered a bastion of the extreme right wing, and earlier this year a number of its faculty and students, including its head Rabbi Yitzhak Ginsburgh, were placed under administrative detention barring them from entering the compound. Most of these detention orders have since been rescinded.

Palestinians to continue protests in Jerusalem

BILL HUTMAN

PALESTINIAN leaders in Jerusalem yesterday called for continued demonstrations, but said the protests should be peaceful, allowing for life in the city's Arab neighborhoods to return to normal.

"We will not sit quiet until the [Hasmonean] Tunnel is closed," said Palestinian Authority council member Hattem Abdel Khader.

He and other Palestinian leaders published an announcement in the city's Arabic press calling for pupils to return to school. Businesses were asked to reopen, but only until 3 p.m., through tomorrow, then return to normal schedules.

Arab schools and businesses have been shut down since Tuesday to protest the opening of the tunnel exit.

Yesterday morning, stones were thrown at policemen guarding the

gate, apparently by pupils from the Al-Omariya School under which it was built. One policeman was lightly injured, a police spokesman said.

No other incidents were reported, but police remain on alert, with manpower beefed up throughout the Arab sector, particularly in the Old City.

"We don't want the situation to return to what it was during the intifada, when the pupils did not learn at all, and only took part to demonstrations," Khader said. Similarly, it is important that business reopen, he added.

Meanwhile, the Temple Mount Faithful announced its members would converge on the mount today. Police have said they would not allow the group, which calls for the removal of the mosques from the mount, onto the Temple Mount.

IDF denies Shahak intends to resign

ARIEH O'SULLIVAN

THE IDF Spokesman yesterday emphatically denied reports in the British press that Chief of General Staff Lt.-Gen. Amnool Lipkin-Shahak is planning to quit in anger at the way Prime Minister Benjamin Netanyahu is handling the current crisis.

"The report is nothing but lies. There was never any such thing," IDF Spokesman Brig.-Gen. Oded Ben-Ami said in a statement.

According to *The Sunday Times*, Shahak has already written his resignation letter. The London-based newspaper, in an attributed report, said Shahak is furious at Netanyahu for saying the army backed his decision to open a new exit to the Hasmonean Tunnel in Jerusalem, when in fact he opposed the move.

NEWS IN BRIEF

Egged to cancel Cairo bus service

Egged said yesterday that it has decided to stop its regular bus service to Cairo, begun 15 years ago following the Israel-Egypt peace accord. The service will end in six months.

According to Egged spokesman Ron Ratner, the cancellation is due to economic considerations and was decided on before the recent unrest in the territories.

Ratner said that now the company only has one bus a week, with an average of 10 passengers. In its heyday, the company filled four buses a week. Egged's Egyptian counterpart, the East Delta Bus Company, which also has one bus a week, has given no indication that it intends to stop the service.

Jordanians quit Israeli stage of 'Peace Rally'

A Jordanian team of disabled canceled its participation in the Israeli leg of a four-day jeep rally in Jordan and Israel that was to mark the 3000th anniversary of the peace treaty. Organizers said the Jordanians backed out due to the violence in the territories.

Instead, organizer Gidi Kamov said the Jordanians would join the rally when it arrives at the Arava crossing tomorrow.

The first of its kind, the "Peace Rally" was organized in part by the Challenge Association, which encourages the disabled to engage in sports, and includes IDF disabled veterans. The Jordanian Disabled Association team also included soldiers wounded in action.

State ordered to justify press laws

Supreme Court Justice Theodor Orr yesterday gave the state 45 days to explain why two Mandatory laws governing the press should not be declared unconstitutional. The show-cause order was issued in response to a petition by the Association for Civil Rights in Israel, which argued that the laws — which require newspapers to be licensed by the Interior Ministry and enable the ministry to revoke these licenses and shut down papers at will — violate the Basic Law: Freedom of Occupation. Until recently, a grandfather clause in the basic law protected pre-existing laws from being declared unconstitutional, but the clause expired earlier this year.

Hey Mom, no laundry! IDF installs washing machines on bases

ARIEH O'SULLIVAN

THE IDF is conducting an experiment: It is installing washers and dryers at IDF positions along the northern border and in some training bases. Not only is it cheaper than transporting dirty clothes to laundries in the center of the country, but it's bound to make homecomings that much sweeter.

The old joke used to be: "OK, Company B. Everyone is changing their socks today." "Hooray!" "That's right, everyone is to change them with Company A."

If the experiment works, soldiers in both companies will have a constant supply of clean socks and underwear, not to mention fatigues.

Laundry machines have been in place for a few months now in two positions in south Lebanon. Now the IDF Technology and Logistics Branch has expanded the service to four training bases, including the officer training school, NCO school, military police training base, and one other undisclosed base. Noce are intended for use by female soldiers at this stage.

No, soldiers won't have to stuff

their pockets with coins to operate the industrial machines, said Col. Arye Manor, head of the branch's R & D department, who is responsible for the project. Each company will have a laundry day and their own sergeants will be responsible for the machines, he said.

Once a week, every soldier will receive a laundry sack, like those on kibbutzim, to fill with dirty laundry for deposit in the morning. "At the end of the day he'll pick it up clean and dry," Manor said.

"It's not a luxury," said Manor. "It is an improvement for the individual. We don't know how much it will save, but it's not the money. We are doing it to improve the lot of the soldiers."

He also hopes it will remove unsightly clothes lines, thus improving the appearance of army bases.

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Dead Aim

Missteps Reopen the Door to Blood and Tears

By SERGE SCHMEMANN

THE Middle East is an unstable structure at the best of times, and there are moments — far too many — when even a small shift of weight causes the entire structure to wobble and crumble.

Such a moment was the swearing in of Prime Minister Benjamin Netanyahu in Israel on June 18. On the surface, it should not have been so major a shift: Mr. Netanyahu and his lieutenants insisted they were committed to the peace accords, the Palestinian homelands stayed quiet, the American Congress gave the new Prime Minister the requisite standing ovation.

Yes, some Palestinian lands were confiscated, some building began in the settlements and some Arab leaders grumbled. But the new Likud-led Government could argue that all this also happened under the Labor Government that had reached the accords.

Work Undone

Nevertheless, there was a critical difference. It was not so much in what Mr. Netanyahu said or did, as in what he did not do. Week after week, he avoided meeting Yasir Arafat, or withdrawing from Hebron, or releasing Palestinian prisoners, or renewing negotiations, or otherwise making clear what he intended to do.

Under Shimon Peres, the Palestinians had been prepared to accept various restrictions and delays, because the premise was always that in the end, the zigs and zags were all in the interest of achieving the peace. Under Mr. Netanyahu, this could not be taken for granted, and the delays came increasingly to seem deliberate. So all the little gestures — the tough talk at Syria, the confiscations, the demolitions, the settlement permits — took on a threatening aspect.

On all sides, tensions and suspicions mounted. Syria moved troops up to Mount Hermon in the north. Egypt issued scolding statements. Mr. Arafat called general strikes as warnings. Diplomats and United Nations officials warned that Palestinian nerves were stretched to the limit.

In the end, the trigger seemed almost trivial — a new exit to a tourist tunnel. Palestinian claims that the tunnel somehow threatened nearby Muslim holy sites were unfounded.



Rosa Casciovoro for The New York Times

Continued on page 2 During the upheaval in the West Bank last week, a Palestinian policeman, encouraged by other Palestinians, shoots towards Israeli soldiers in Ramallah.

Who's a Liberal?

Is Clinton One? Was Nixon?

By RICHARD L. BERKE

CAMDEN, N.J.

HOW do you stump a liberal? Ask him or her whether President Clinton is one. The response will be momentary bewilderment, and often a stammer, but almost over a definitive "yes."

"It's in the eye of the beholder, but I think he's a pragmatic progressive," said Michael S. Dukakis, the 1988 Democratic Presidential nominee who proclaimed his liberalism on the eve of that election — and lost.

"He's neither liberal or conservative — he is a progressive," agreed Harold M. Ickes, a deputy White House chief of staff and the most devoted liberal in Mr. Clinton's inner circle.

"We would have an internal debate about that question, especially after his decision to sign the welfare bill," said Robert J. Carolla, communications director of Americans for Democratic Action, the nation's oldest liberal organization, which is sponsoring a seminar this weekend to contemplate the direction of liberalism.

Bob Dole seems to have no internal debate about the question, though. In references to Mr. Clinton in a string of speeches last week, he repeatedly unleashed the "L-word," a word dreaded by Democratic candidates since the 1960's, when it became identified with antiwar activism and causes like feminism and gay rights.

A Tough Sell

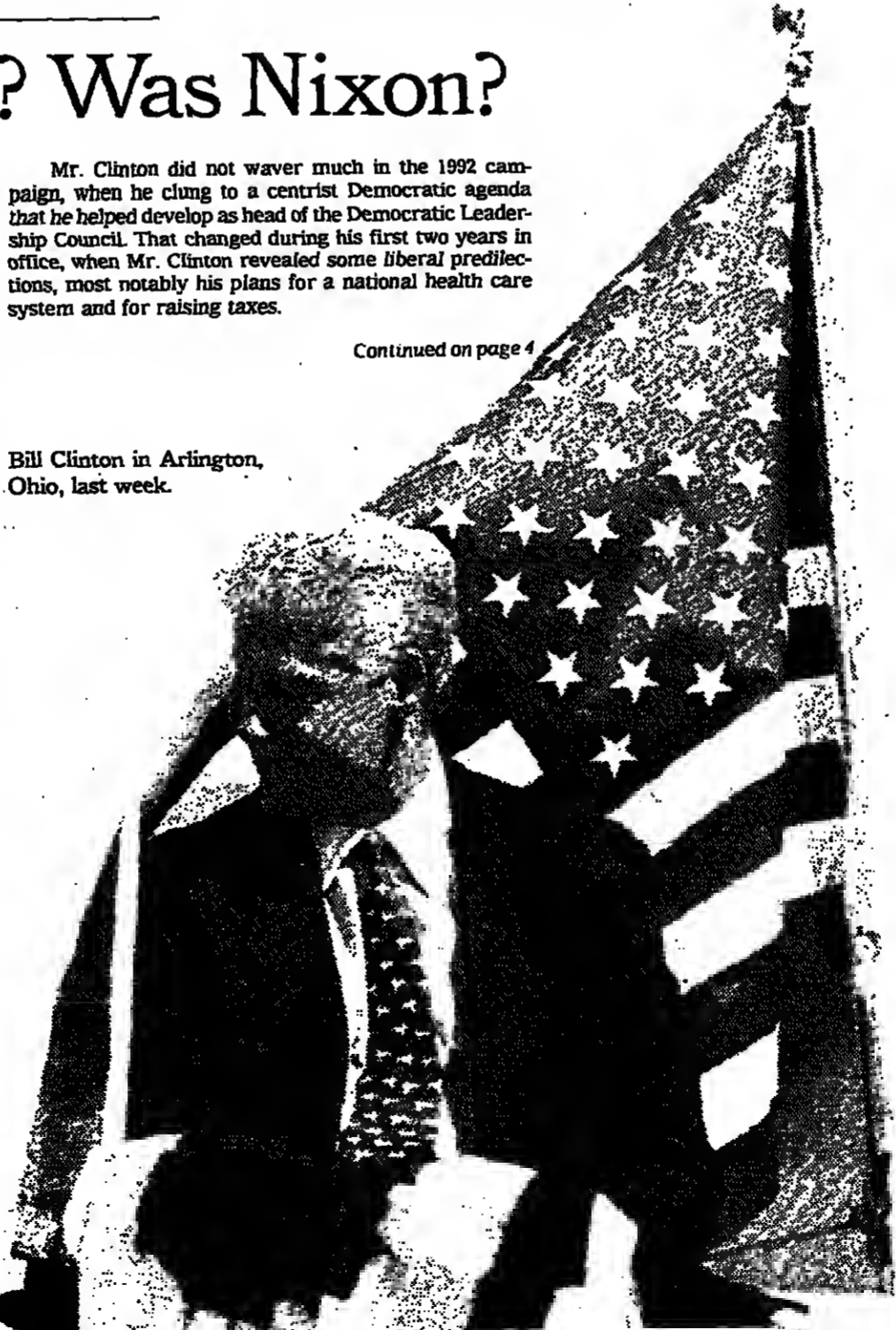
As he searches for a pitch that will catch on, Mr. Dole is staking his prospects on persuading voters that Mr. Clinton is concocting reckless spending and permissive social programs to inflict on an unsuspecting public during a second term. And a defensive Mr. Clinton last week ducked any affinity with the philosophy that has guided his party from the time that Franklin D. Roosevelt launched the New Deal in the 1930's. Standing in the Oval Office, he went so far as to insist that he was not "a closet liberal."

Indeed, Mr. Dole faces a tougher sell than George Bush in 1988 and others before him because the label that helped bring down so many Democratic candidates simply does not fit Mr. Clinton very well. As Governor of Arkansas, Mr. Clinton was not known for proposing massive spending programs. And unlike most liberals, Mr. Clinton has long supported the death penalty and has never been cozy with organized labor.

Mr. Clinton did not waver much in the 1992 campaign, when he clung to a centrist Democratic agenda that he helped develop as head of the Democratic Leadership Council. That changed during his first two years in office, when Mr. Clinton revealed some liberal predilections, most notably his plans for a national health care system and for raising taxes.

Continued on page 4

Bill Clinton in Arlington, Ohio, last week.



Bless His Heart
Why Boris Yeltsin has become a metaphor for all of Russia.

By Francis X. Clines

2



Simpson Redux
Even in jury selection, the dirty dilemma comes down to race.

By Carey Goldberg

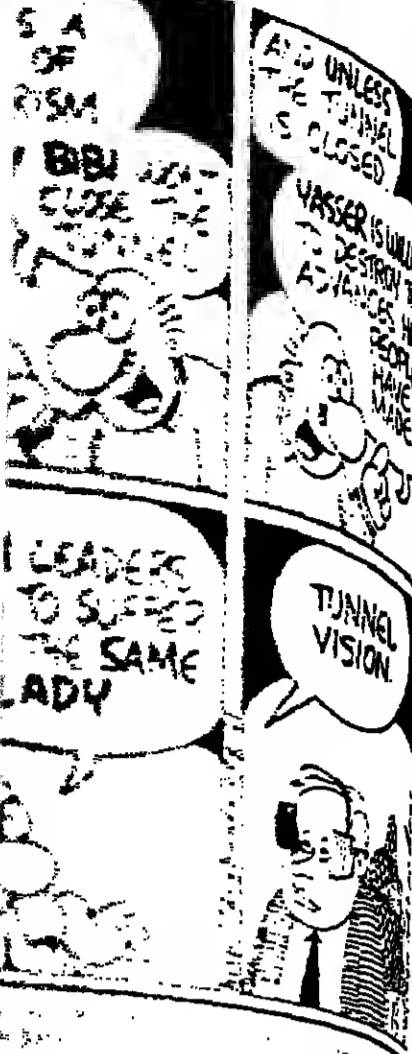
3

October Surprise?
Underdogs and bored journalists look for a last-minute election news jolt.

By James Bennet

3

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The World

In One Man's Heartbeat, a Sense of Russia's Own

By FRANCIS X. CLINES

BEATS there a heart so feckless, so heroic as Boris N. Yeltsin's? Five years ago, the Russian President showed its throbbing dynamic when he emerged on the Moscow ramparts to snuff the brazen coup d'état staged by Kremlin reactionaries. "Aggression will not go forward!" he shouted, and anyone who witnessed his defiance may forever bless his heart. "Only democracy will win!"

In characteristic Yeltsin fashion, however, his historic victory there in sealing the end of the Soviet empire was soon followed by vivid reports of a spree of bibulousness as the Russian President led a domestic summit meeting that was supposed to be drafting the post-Communist order.

"He's in there like this," an astonished Russian news photographer explained to me after a summit photo op, pressing his forehead to mine and offering crossed eyes and a rubbery grin to depict Mr. Yeltsin's demeanor with a fellow negotiator. The poor photogra-

pher was further scandalized backstage in seeing Mr. Yeltsin, who missed the critical post-summit news conference, blithely lugged to his limousine by his bodyguards.

That day we both wondered about Boris Nikolayevich's liver. But now it turns out to be his heart, of all things, the heart that instinctively impelled him to his feet even four years before Communism fell, when he demanded the floor at a leadership meeting.

At that meeting, he complained to Mikhail Gorbachev that he had soon better walk his talk of perestroika reform or head for failure. Mr. Yeltsin was dropped like a stone from power. But he was among Russia's first party professionals to home in on the ballot box's power of revival when democratic voting later arrived. He was quickly elected back to prominence, and then power, by the people, who had to admire his heart.

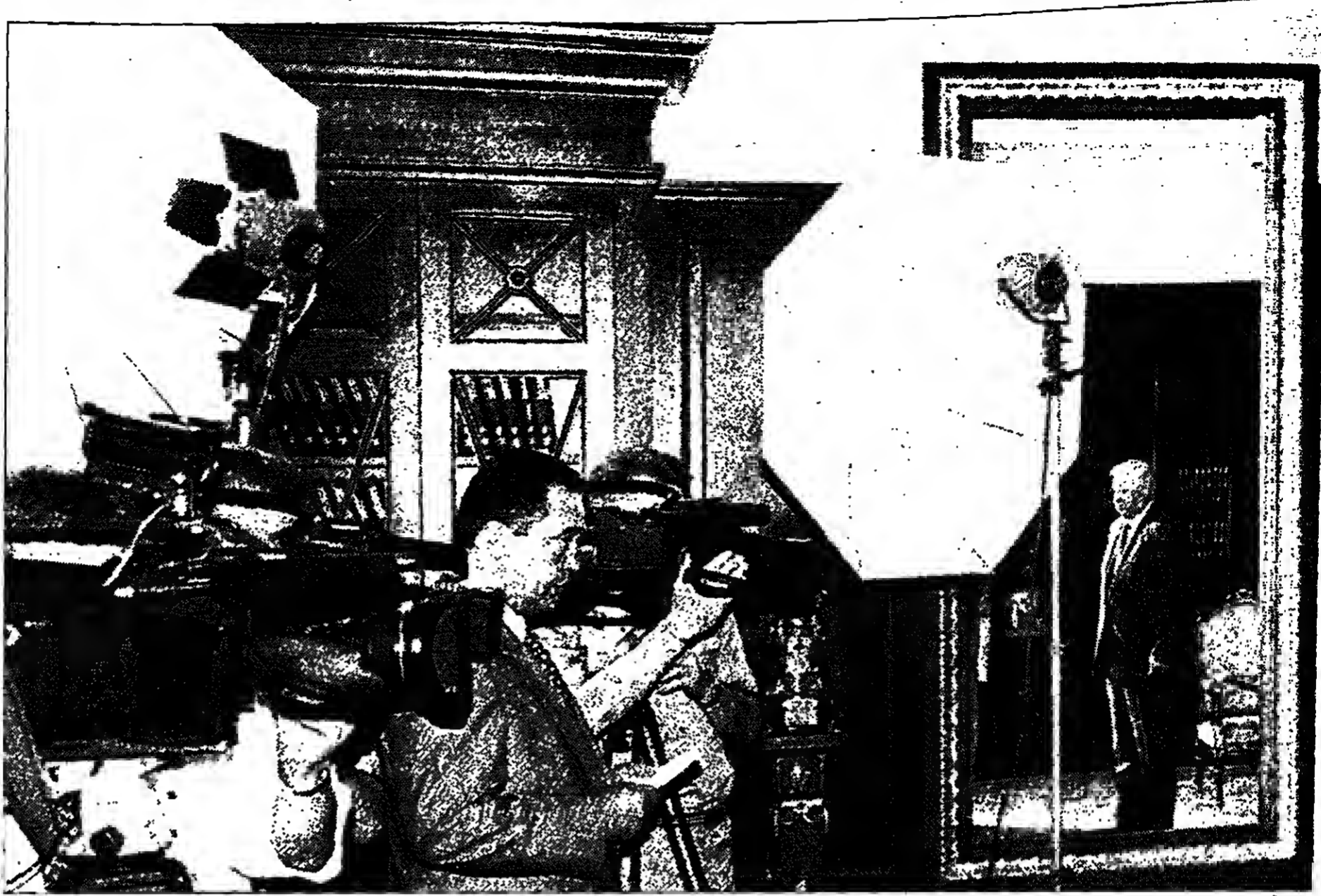
"It is better to burn for 10 years than to smolder for 50," he had declared as a younger man when his heart trouble was first diagnosed and friends told him to retreat from the stress of his own brash ambitions. Alas, smoldering has seemed all too clear recently as President Yeltsin let his mandate drift like smoke across the carnage of Chechnya.

The Yeltsin heart: Damage to it across 65 years of life under Communism and beyond is presenting Russia with the latest variation in its perpetual cry of chaos. (Although it could just as equally be his decades of fat-crammed sausage and vodka-steeped gambols that are stirring the ERG's of capitalism.) From afar, it is fun to watch the latest generation of Kremlin schemers suddenly rebutted by the American heart surgeon, Dr. Michael E. DeBakey, whose examination last week showed Mr. Yeltsin far from finished and a prime candidate to survive bypass surgery, now likely in November.)

Until Dr. DeBakey, the world had been left with what seemed traditional Kremlin fictions about how uncritical the situation actually is. Why, Yeltsin's been duck hunting and perusing dozens of documents a day, according to one account that seemed laughable. The day before Dr. DeBakey's visit, *The Financial Times* reported Mr. Yeltsin had been leveled by a stroke and could work but 15 minutes a day.

Aleksandr I. Lebed, the lean and hungry military hero President Yeltsin must keep in sight but at arm's length, even dared to offer intimations of Al Haig's I-am-in-control outburst to one Kremlin interviewer. "I have a plan," said Mr. Lebed.

If so, he should carefully note Dr. DeBakey's testimony that the patient may indeed have been up taking aim and shooting 100 ducks from the Russian firmament, as he claimed. In any case, said the doctor, Mr. Yeltsin remains vital enough to survive the scalpel.



On Aug. 22, Boris Yeltsin (his image reflected in a mirror at right) appeared before news cameras as rumors circulated about his ill health.

Yeltsin fans watching in America felt reassured, remembering the spin-doctored puzzlement of his reelection campaign when he was seen frugging wildly before the voters one day and looking tight as Lenin's corpse the next.

History Is No Guide
When Leonid I. Brezhnev was fading ever so slowly from Kremlin power, his impatient successors overloaded his schedule to speed the terminal moment, according to some histories. And Konstantin U. Chernenko supposedly was prodded up from his Kremlin sickbed two weeks short of demise, dressed like a limp doll by a retinue, and carried to a prop voting place. There he was posed like a touch of Disney as propagandists recorded footage to depict a fully functioning leader.

er. So history, as much as eminent physicians, must be consulted at moments like this.

But this time it's different, right? If only because Boris Yeltsin has too often exuded a self-indulgent joie de vivre that he can't help sharing with the rest of us. He seems to smile in tight-eyed mischief much the way W. C. Fields did in hunting for that hidden nip of booze that will straighten everything out. He seems to deal with Russia the way Orson Welles treated an unfinished film epic, with a procrastinator's flair favoring the grander tour of life.

Surely Mr. Yeltsin is in that Kremlin line of succession of dark impudence exemplified by Nikita S. Khrushchev's turn on Mark Twain: "When I die, I shall inform all foreign correspondents myself."

Yeltsin's heart: Fix it, get him frugging again, back to burning, not smoldering.

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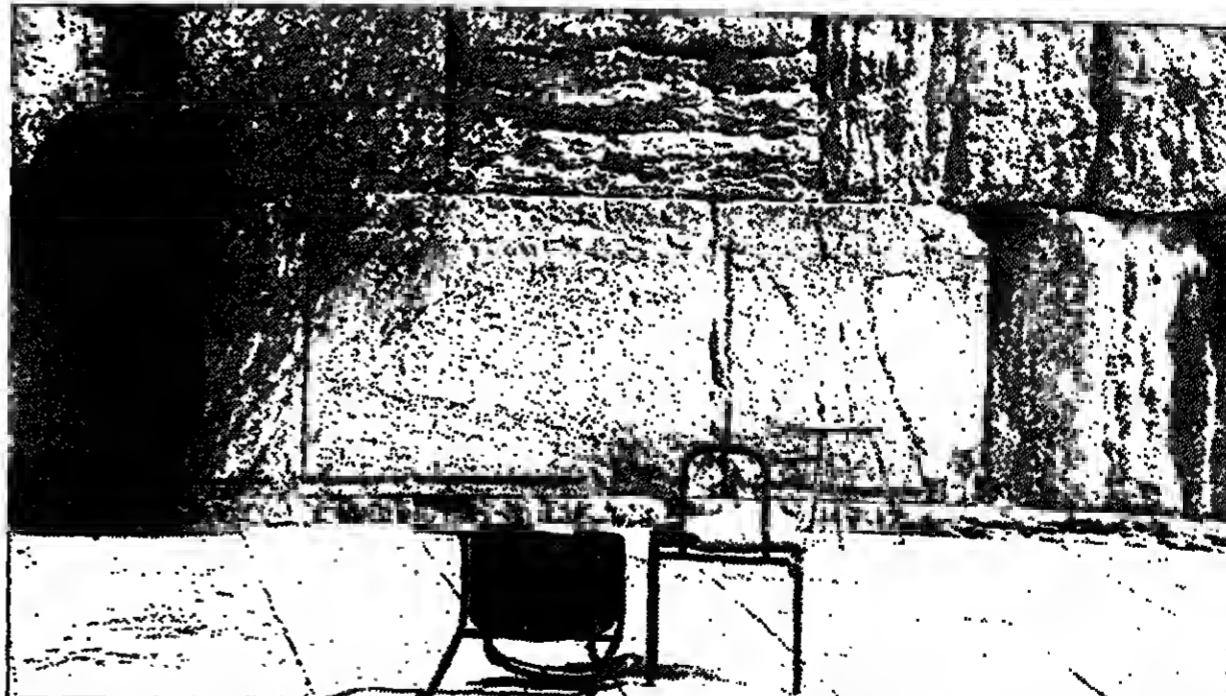
Yeltsin's heart: Fix it, get him frugging again, back to burning, not smoldering.

Israelis and Palestinians

Missteps Reopen a Door to Blood and Tears



An Israeli soldier returns fire toward a Palestinian at Rachel's Tomb in Bethlehem.



Police cleared the Wailing Wall when Arabs on the Temple Mount above it threw stones. One Jew stayed.

Continued From Page 1

but that was not the point. Opening the gate touched on the most sensitive points of the conflict, religion and Jerusalem, and the Palestinians were already angry.

So there was an explosion. What began as Palestinian rock-throwing escalated with astonishing speed into firefights between Israeli soldiers and Palestinian policemen. Scores of people died.

There is no certainty that Mr. Netanyahu appreciated the full import of opening the gate, or that Mr. Arafat expected what would happen when he called for protests. But the blowout that followed radically altered many preconceptions.

Chief among them was the presumption, often repeated by politicians and Western statesmen, that the peace was irreversible. Though everybody at some point or another warned that the other side was threatening the process, the warnings usually were taken as mere brinkmanship. The operative assumption was that whatever their histories or animosities, the Israelis and Palestinians had no alternative but to find a way to live together. Perhaps that was Mr. Netan-

yahu's presumption, too — that he could toughen up the terms, slow the pace, expand some settlements, and that Mr. Arafat would have no choice but to accept.

Mr. Arafat seemed caught in parallel presumptions. He threatened, he called for strikes and demonstrations, he toured world capitals searching for help, but only two weeks earlier he had called Mr. Netanyahu to wish him a happy Jewish New Year. There was little indication that he suspected that his own security forces would open fire on the Israelis.

Anger Adds Up

What perhaps even Mr. Arafat did not understand — accustomed as he was to a life of conspiratorial activity in the Palestinians' name and not to governing and listening to them — was that the signing ceremonies, handshakes and grand agreements could not undo the cumulative effect of a long and humiliating occupation.

This became especially true when the three years of relative peace was accompanied by greater restrictions on travel and work and by frustrated expectations. Mr.

Arafat had come to command 30,000 policemen, but the individuals in that force were also guerrillas who had only recently battled Israeli soldiers, or youths who had pelted Israeli patrols with stones. When a uniformed soldier in Ramallah saw a student felled by a rubber bullet, he took his rifle and started firing.

The peace was not yet dead at that moment, but nobody could argue any longer that it was politically impossible to turn back.

On the contrary, the struggle to sustain peace now looks to be a tough and uphill battle. Many an Israeli commentator noted last week, metaphorically and literally, that having opened the tunnel door, Mr. Netanyahu would not be able to close it. At his news conference Friday, Mr. Netanyahu certainly showed no inclination to make any conciliatory gesture, least of all closing the door. (The tunnel was shut over the weekend, but that was explained as a routine weekend closing, not a bow to the Palestinians.)

An unequivocally conciliatory gesture, said Mr. Netanyahu's media adviser, David Bar-Ilan, "would put (Israel's) very existence in the region in danger," by which he evidently meant that bowing before Arab

pressure would be seen as weakness and would unleash new and greater demands.

By the same logic, virtually any step now could be seen as weakness, and to many conservatives, the rioting itself — and especially the notion of Palestinian police using weapons that were meant to keep the peace among their own people to fire on Israeli troops — seemed to confirm their worst fears about the peace accords. How, for example, can Mr. Netanyahu now justify to his followers the withdrawal of Israel's army from Hebron, where a small enclave of Israeli settlers is surrounded by high hills and buildings that belong to Palestinians? In addition, by raising the question of Jerusalem in so stark and emotional a manner, Mr. Netanyahu has effectively undone the concerted efforts of Israeli and Palestinian negotiators to keep this most sensitive issue at bay until the peace is well underway.

'Sons of the Stones'

As for the Palestinians, the "sons of the stones" — as those who rose up in the 1980's call themselves — have crossed a fateful threshold in turning their new assault weap-

ons on the former occupiers; Israelis will have a hard time believing Mr. Arafat if he pledges that they won't do it again.

But if the peace can no longer be considered irreversible, it does have a constituency. Last week, it was not only opponents of the peace who shouted "I told you so." Many Israelis and Western leaders joined Mr. Arafat and former Prime Minister Shimon Peres in arguing that it was not the peace itself, but the efforts to stall or reverse it, that had led to the conflagration.

There were also those who thought that even if Mr. Netanyahu still saw the peace as flawed, at least the howling mobs, the bullets, the tanks and the helicopter gunships offered a clear view of the alternative.

A hundred days into his administration, Israeli commentators on both right and left noted, Mr. Netanyahu can no longer delay declaring his stance. The hawks called for a firm hand, the doves for concessions, the pragmatists for both. Only when Mr. Netanyahu declares his intention, wrote the newspaper *Maariv's* political columnist, Hemi Shalev, "will we understand whether he is capable of extricating Israel from the serious crisis in which it is caught."

صوتك من الامم

ia's Own

The Nation



Campaign Appearances

The candidates ventured far and wide in search of votes last week. Bob Dole flew to West Palm Beach, Fla., on Thursday — no, not that way.



And no, President Clinton didn't face a stampede, but there were some heckling Dole supporters in the crowd at Fort Worth, Tex., on Friday.

Fears and Jitters

One Man's October Surprise . . .

By JAMES BENNET

WASHINGTON FROM a historical perspective, the biggest October surprise in this Presidential campaign could well be if there actually is one. The bogymen of front-runners and the fantasy of laggards and antsy journalists, an October surprise — a bolt of news upending the race — could include anything this year from an economic jolt to a disaster in Bosnia to an indictment of a Clinton Administration official, or even of a Clinton. At least so speculate the bored journalists, the Clinton aides who are nervous or superstitious and, most fervent of all, the Dole campaign officials. But Alan Brinkley, a professor of Ameri-

Underdogs and bored journalists look for a last-minute news jolt.

can history at Columbia University, had to cast back to the last century for an example of such a surprise. "Lincoln's re-election seemed in real doubt in the spring," he said, "and the changing course of Union fortunes in battle insured his victory." Still, even that turnaround failed to qualify as a genuine October surprise, he said; those changed fortunes were cemented by the fall of Atlanta — on Sept. 2, 1864. Professor Brinkley sounded rather un-

surprised that a journalist was inquiring about surprises. "I've never seen such a desultory campaign, and journalists themselves seem so desperate for something to write about," he said. "No offense." One Clinton aide pointed out that a surprise could benefit the President, who has already, Dole officials grumble, had his share of political breaks, including more good economic news last week. Some surprises that have cropped up late in campaigns have merely confirmed the course of the election. In October 1972, for example, Henry A. Kissinger declared that "peace is at hand" in Vietnam. But President Nixon was not exactly in dire need of a boost in the polls against George McGovern, who lost by a landslide. The term "October surprise" dates from the 1980 election, when Ronald Rea-

gan and his aides worried that Jimmy Carter would pull off a coup by springing the hostages in Iran before the election. He didn't, of course, and some analysts have tried to prove, so far inconclusively, that the Reagan campaign had a hand in thwarting him. Indeed, while history offers few actual October surprises, it does present some tantalizing might-have-beens. In 1940, Wendell Willkie warned that Franklin D. Roosevelt had a secret deal with the British to enter the war. But he never presented any evidence, said Michael R. Beschloss, a historian of the Presidency. "One could say that if the full extent of Roosevelt's dealings with the British, and particularly with Churchill, had been revealed, it would have changed the course of the election, and Willkie would have won," Mr. Beschloss said.



Wendell Willkie, Presidential candidate in 1940, warned that Franklin D. Roosevelt had a secret deal with the British to enter the war.



Henry A. Kissinger, President Nixon's Secretary of State, declared in October 1972 that "peace is at hand" in the Vietnam war.



The efforts of Jimmy Carter to free hostages in Iran in 1980 worried the Reagan campaign staff, who feared the President would pull off an October surprise.

... Is Wall Street's Nightmare

By FLOYD NORRIS

IN the financial markets, as in election years, there have been more than a few October surprises, although they do not necessarily have political overtones. The worst recent surprise, of course, came in 1987 when the stock market crashed. That month ended with the Dow Jones industrial average down 23.2 percent, and investors in shock.

1929 and All That

That plunge brought back memories of other bad Octobers, notably in 1978 and 1979, when the term "October massacre"

became part of bond market lingo. In both years the Federal Reserve suddenly, and to the consternation of Wall Street, raised interest rates sharply. Bond prices plunged, and stock prices suffered along with them. And, of course, the 1929 crash started in October.

But even though most Octobers have not been so eventful, investors do have reason to be concerned: The average October, going back to World War I, has seen the Dow dip a bit. That tendency, it should be noted, is not particularly useful in forecasting Septembers, on average, been worse. But this September, with one trading day left, is up more than 4 percent.

Just why prices are most likely to fall in the fall is not apparent. But it is clear that

Don't believe the hype. September is the month to watch.

spirits generally pick up after the leaves come down. The months when rising stock prices are most likely are December and January.

None of the really bad Octobers have been in Presidential election years, perhaps because politicians try to avoid economic upheaval close to an election. But

four of the past five election-year Octobers have seen stock market declines, with 1988 being the only exception.

The worst election-year October, as far as stocks were concerned, occurred in 1932, when the already depressed Dow fell 13.2 percent as it became clear to horrified Wall Streeters that the Democratic nominee, Franklin D. Roosevelt, was likely to win.

The best election-year October, on the other hand, came in 1948, when it was apparent to everyone, on and off Wall Street, that the Democrats were finally going to be thrown out of the White House. The Dow rose 5.8 percent that month, only to drop 9.2 percent in November, when the biggest election surprise of all came to pass: Thomas E. Dewey lost.

Simpson Again, Race Again

By CAREY GOLDBERG

LOS ANGELES AS jury selection in O.J. Simpson's civil trial continued last week, the focus swung inexorably back to race — this time because Mr. Simpson's lawyers accused their opponents of systematically trying to exclude black people from the pool of potential jurors.

"This is the 10th black juror in a row challenged for cause," complained Robert C. Baker, Mr. Simpson's lawyer, in a particularly sharp exchange Wednesday. The implication was that lawyers representing the families of Nicole Brown Simpson and Ronald L. Goldman in a wrongful death suit against Mr. Simpson were trying to keep blacks off the jury because they were likelier to be sympathetic to the defendant.

Daniel Petrocelli, a lawyer for Fred Goldman, Ronald's father, bristled. "I strongly object to these comments about disqualifying jurors over race," he said.

"It's totally factual," Mr. Baker retorted, before Judge Hiroshi Fujisaki impatiently ordered the two lawyers to "cut it out" and "just sit down."

Once again, jury consultants and litigators noted, the O.J. Simpson case had ended up setting the American racial divide and its tricky territory in particularly clear relief.

Jury selection "is a little bit like the cliché about making sausages — it's best if you don't see how it's done," said Victor Gold, a professor at Loyola Law School here. "But in the Simpson case there are people watching every aspect of every move taken, and so it's impossible not to see race motivating both the defense and the prosecution."

The dirty little dilemma is this: At times, pretrial research shows, jurors' race can

Lawyers are fighting over the color of the jury. It still matters.

have a powerful effect on their verdict — as it did, most analysts agree, in the murder trial that ended in Mr. Simpson's acquittal last October.

But it is unconstitutional for a lawyer, in either a criminal or civil case, to challenge a potential juror — that is, to ask that the juror be knocked out of the pool of those who might serve — on the basis of race or sex. Even in their peremptory challenges, in which no reason for rejecting a juror need be given, if it can be shown that race was a motivating factor, that can be a basis for impaneling a whole new jury or for appealing the verdict later, jury consultants say.

"This is a very hot issue right now in jury selection," said David B. Graeven, president of Trial Behavior Consulting of San Francisco and Dallas. "Because one side will accuse the other of doing it and it goes both ways. The plaintiff accuses the defense, typically of getting rid of minorities, or, in a sexual harassment case, women, and the defense accuses the plaintiff of getting rid of white males."

So, what are the lawyers and jury consultants to do? The answer experts give is the dirty part of the dilemma: They generally try to use race or sex as a criterion, but pretend they are judging by other measures, however flimsy.

Any Reason at All

Wendy Alderson of Alderson and Associates, a jury consulting firm in San Francisco and Palm Springs, said she had seen one prosecutor who had two or three black jurors excused and, when accused of using racial criteria, claimed that it was because they had been wearing blue jeans and thus showing disrespect for the court. "You can always find something," Ms. Alderson said.

Duplicity aside, however, jury consultants add that race is not all that reliable a predictor anyway: "You've got to go by each person," Mr. Graeven said. "You can't determine a jury in a typical civil case based only on race or demographics. It's attitudes and belief systems."

Attitudes also appear to be paramount in the Simpson jury selection as Judge Fujisaki decides which jurors to dismiss "for cause" — that is, for apparent biases.

It has struck many casual observers as strange that jurors who have openly acknowledged thinking that Mr. Simpson is "probably guilty" of the double murder have been allowed to stay in the pool, while some who have said they thought he was innocent have been dismissed.

But lawyers and consultants say that it is not so unusual. A juror may have formed an opinion, said Norman Garland, a professor at Southwestern University School of Law, "but as long as the juror says, 'Yes, but — I know all that, but I promise you I won't let it interfere with my decision-making process,'" the court may accept him.

If, however, a clear pattern develops of black potential jurors being dismissed, legal observers said, that could well be grounds for an appeal that would become the sequel to this civil-court sequel of the murder trial — O.J. III.

d Tears

ECONOMY

When a Magazine is Too Brash for the Bottom Line

By ROBIN POGREBIN

AS Kurt Andersen remembers it, he was having fruit and cereal last February in the private dining room of the 42d-floor office where Henry R. Kravis runs his leveraged-buyout firm...

It wasn't a suggestion that Mr. Andersen could dismiss lightly. Nevertheless, he dismissed it. Later that day, he briefed Harry A. McQuillen, the executive vice president of K-III and president of the media group...

The firing of Kurt Andersen is the kind of thing that sends a chill throughout magazine journalism, said David Denby, New York magazine's longtime film critic.

New York City's publishing and journalism circles seem to be learning the hard way what Wall Street has known all along: for Mr. Kravis, master of the deal, New York magazine is no big deal.

Larry Doyle, have quit in protest or that the business columnist, James J. Cramer, says he will join the minuscule when his contract is up.

Indeed, he is enforcing the same dictum for New York and its sister publications that increasing numbers of once-independent newspapers, magazines, television news shows and publishing houses are hearing from the giant corporations that have swallowed them up: make your numbers or else.

Mr. Kravis's main objective is to make money, lots of it — and he has a pretty good track record so far. That is why he put part of Kohlberg Kravis's treasure chest behind K-III (Mr. Kravis's firm owns 73 percent of the company).

In the two and a half years since Mr. Andersen joined New York, the magazine, for all its success in winning over younger readers with its edgy tone and provocative subject matter, apparently fell short of K-III's goals.

Basically, we felt that at this point, the book could use a change in editorial direction, said Mr. McQuillen, who oversees K-III's magazines.

For all the attention New York brings to K-III, it is, in the financial scheme of things, almost inconsequential, representing less than 2 percent of the company's operating profit and trailing in circulation the company's lower-profile publications that have broader national appeal.

"It's too small to affect what I do," said Phelps B. Hoyt, a fixed-income analyst with KDP Investment Advisors who follows K-III's publications.

K-III officials say the company makes slightly better profit margins on some of its less sexy trade publications — like National Hog Farmer and Adhesives Age — as well as on some of its holdings in other areas.

"Out here in Montana, I wouldn't know what's going on with New York

magazine," said Chuck Hunter, an investment research manager with the Montana Board of Investments, the state pension fund, which is an investor in the Kohlberg Kravis funds that own K-III.

Given New York magazine's modest financial stature relative to K-III's entire portfolio, and its disproportionate potential for upsetting Mr. Kravis's friends, some people may wonder why K-III holds on to the property.

In reality, Mr. Reilly understands the value of having a high-profile magazine like New York in K-III's stable: it gives the company added clout among advertisers, credibility on Wall Street and cachet in the media community.

And while Mr. Kravis can be expected to care little about stories in K-III magazines like Modern Bride or Fleet Owner, what New York magazine publishes matters deeply to him.

Aside from the piece on Mr. Rohatyn and Mr. Ratner, the articles in New York that Mr. Kravis is said to have found objectionable include one last January on money laundering by the Russian mob that raised questions about the role of Republic National Bank, which is controlled by Edmund J. Saffra, the former American Express executive.

Some suspect the final straw was last month's lead story on Bob Dole, which depicted the Presidential candidate with his eyes closed on the cover next to the headline, "Bob Dole, Wake Up!"

This is not the first New York magazine regime to feel the heat from Mr. Kravis. According to writers at New York and ooe K-III executive, all of whom insisted on anonymity, Mr. Kravis once phoned Edward Kosner, Mr. Andersen's predecessor, and asked him to yank an article on Leon Black, the former Drexel Burnham Lambert executive.

Mr. Kosner, now editor in chief of Esquire magazine, said that he did not recall a call from Mr. Kravis but that the story had stalled because both Mr. Kravis and Mr. Black refused to discuss a deal they were negotiating.

The author of the article on Mr. Black, Craig Horowitz — who is still a contributing editor at New York — said the piece was killed because of pressure from Mr. Kravis, but declined to discuss the circumstances.

According to a high-ranking K-III employee, Mr. Reilly was disappointed by what he viewed as Mr. Kosner's cave-in to Mr. Kravis. Indeed, Mr. Reilly, by all accounts, does his best to play middleman and mollify both sides.

While Mr. Reilly declined to discuss his role as a buffer, Mr. Andersen said that Mr. Reilly and Mr. McQuillen frequently ran interference between him and Mr. Kravis, though not always successfully.

But in the end, Mr. Reilly and Mr. McQuillen said, they did not dismiss Mr. Andersen at Mr. Kravis's direction.

Rather, K-III executives maintain, Mr. Andersen simply failed to meet K-III's financial expectations — an exacting standard of which other K-III editors are well aware.

That gives me a tremendous amount of freedom. But it's completely understood that if the magazine doesn't perform well, changes will be made.

Mr. Andersen said his magazine was performing well, that he had done exactly what the company originally asked him to do, and been given nothing but positive feedback from his bosses.

He said his mandate was to reduce the median age of readers and "give the magazine some edge," a talent Mr. Andersen had honed as an editor of Spy magazine.

"There was never any discussion with me or the publisher of, 'We've



Henry R. Kravis

invested this money and we expect a return on it to this extent," Mr. Andersen said.

Indeed, staffers at New York magazine say K-III's party line seems wholly unconvincing.

By most industry standards, New York was doing well enough. For the six months that ended in June, its total average paid circulation was 433,832, up four-tenths of 1 percent from that period the year before.

The magazine also had a cash operating profit of about \$6 million on revenues of about \$30 million under Mr. Andersen, said someone close to the publication's operations.

Even some advertisers are scratching their heads. "I guess what I don't understand is that things seemed to be going well," said Roberta Garfinkle, the director of print media at the advertising agency McCann-Erickson.

Not good enough for K-III. The company contends that it sounded the alarm bells loud and clear early on, but Mr. Andersen didn't seem to hear them.

Although New York had seen a jump in readership among 17- to 25-year-olds, the core readership among 40- to 50-year-olds had begun to defect, he noted.

In addition, two K-III focus groups last April, of about a dozen people each, indicated that some readers were disillusioned with the magazine.

To be sure, the K-III empire has not exactly been a runaway success. The company is highly leveraged, and its stock performance — shares

closed at \$10.375 on Friday, up barely from its initial price of \$10 on Nov. 1, 1995 — makes some people wonder whether Mr. Kravis showed his usual savvy in putting about \$800 million into K-III.

Investors who participated in leveraged buyout funds put together by Kohlberg Kravis in 1987 and 1993 bought stakes in K-III before it went public and paid about \$6 a share.

But others think Mr. Kravis is on the mark. Media conglomerates are hot these days, precisely because so many investors see huge profit potential in the supposedly synergistic interplay among entertainment, information and cyberspace.

Despite the stock's recent sluggishness, K-III has been generating impressive cash flow since Mr. Reilly and two fellow executives left the Macmillan Inc. publishing house in 1989 to start K-III with Kohlberg Kravis's financial backing.

K-III's free cash flow — a measure of profitability calculated by taking net earnings and adding back interest, taxes and noncash charges like depreciation and amortization — has grown more than 30 percent a year since then, to \$216.1 million last year.

"This is a good management team," said John A. Canning, Jr., the president of Madison Dearborn Partners, a private equity investment company in Chicago, another Kohlberg Kravis backer.

Even K-III's patchwork of properties seems to make Wall Street happy. In a seven-year acquisition binge, it has amassed more than 400 product lines across 15 different businesses, including 125 magazines.

"Over all, I like the prospects because they have so many things that are unique niches," said Mr. Hoyt of KDP Investment Advisors.

That sort of analysis does not hold much water with some investors and media types. They worry that K-III's hedgehog of holdings reflects a lack of purpose.

Not surprisingly, New York magazine staff members cringe at the owners' bottom-line imperatives, calling them misguided and potentially counterproductive.

Change in basis points. Change in basis points.

WORLD STOCK MARKETS

Table with columns: Country, Index, Week % Chg, Rank, YTD % Chg, Rank, Dividend Yield, Index, % Chg. Lists various countries like Australia, Austria, Belgium, etc.

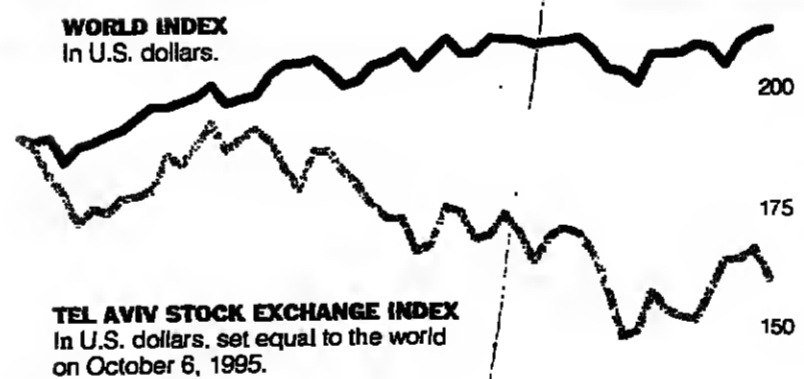


Table with columns: Exchange rates, Friday, Last Friday, Week % Chg, Year Ago. Lists rates for Japanese yen, German marks, Canadian dollars, and U.S. dollars to British pound.

Sept. 23-27: Bonds Rally After the Fed Leaves Interest Rates Alone; Stocks Hold Steady

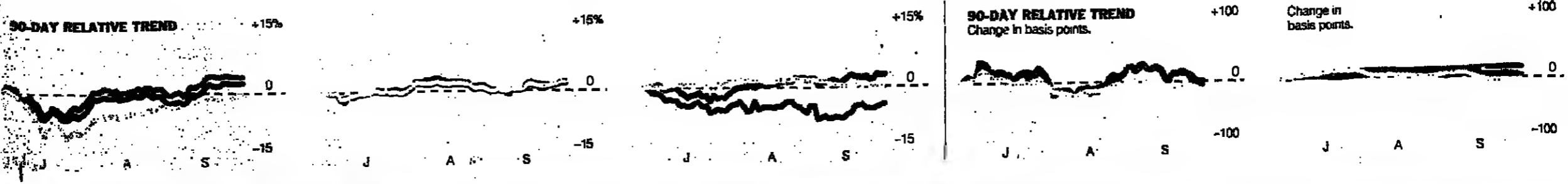
Table with columns: Domestic Equities, Broad market, Blue chips, Small capitalization. Shows market performance metrics.

Table with columns: Domestic Bonds, Treasuries, Municipals, Corporates. Shows bond market performance.

Table with columns: Around the World, European stocks, Asian stocks, Gold. Shows international market performance.

Table with columns: Yields, Bonds, Long bonds, Notes, Municipals. Shows interest rate and yield data.

Table with columns: Other Investments, Money market funds, Bank C.D.'s, Stocks. Shows performance for various investment vehicles.



BUSINESS & FINANCE

Monday, September 30, 1996

Jordan bars foreigners from 15 professions

AMMAN (Reuters) - Jordan, desperate to provide more jobs for its growing unemployed, announced it was closing 15 professions to foreign workers by the end of the year.

Trustees veto sale of UMB's NY subsidiary

THE trustees of United Mizrahi Bank and Trust Company, United Mizrahi Bank's New York subsidiary, have vetoed the bank's sale to Commercial Bank of New York at this stage, a banking source said yesterday.

Mizrahi Bank and Trust Company for NIS70 million. A UMB spokesman refused to comment on the development.

put in trust. The trustees have very broad powers regarding the shares of the bank, including sole power to approve its sale.

BUSINESS BRIEFS

Orckit raises \$52.8m. in IPO: Orckit Communications, a Tel Aviv-based telecommunications company, raised \$52.8 million in its initial public offering on Wall Street's Nasdaq over-the-counter exchange.

Closure keeps grapefruit on the trees: The closure on the territories is making it difficult for citrus farmers in the North to harvest their red grapefruit crops, a spokesman for the farmers said.

Admoni, Sagi set up private intelligence company: Former Mossad head Nahum Admoni and IDF Intelligence Service head Uri Sagi have set up a private intelligence company, together with other recently retired officers and the financial backing of retired civil servants.

Israeli firms expected to raise \$1b. this year in NY flotations: Some \$1 billion will be raised this year by flotations of local firms in New York, according to Treasury estimates.

Flour producers want PA to allow imports of Israeli flour: The Organization of Israeli Flour Producers is calling on Industry and Trade Minister Natan Sharansky to persuade the Palestinian Authority to reverse its decision to refuse the import of Israeli flour.

Meridor, Frenkel at IMF annual meeting

DAVID HARRIS and news agencies

THE annual meeting of the International Monetary Fund and World Bank starts in Washington today and will be attended by Finance Minister Dan Meridor and Bank of Israel Governor Jacob Frenkel, who are leading the Israeli delegation.

The Palestinian delegation, which is headed by Palestinian Authority Finance Minister Zahdi Nashashubi and Palestine Monetary Authority director Fuad Bseiso, will call for the fulfillment of the pledges by the donor countries, help in combating the PA's increasing budget deficit and aid for job-creation projects.

Meanwhile, on arriving in the US, Frenkel told prospective US investors that "a deep, broad and open capital market for foreign investors is essential."

The proposals of the Brodet Committee on reforming capital markets were "by and large very productive," he added. "But there are some elements that are controversial."

The G-7 forecast better times ahead for the world economy and pledged to help poor nations benefit from the expected prosperity.

As a part of a multilateral debt relief initiative, the G-7 pledged to sharply expand its aid for poor countries saddled with too many



Workers from the Indian subcontinent, taking advantage of the United Arab Emirates' amnesty on illegal immigrants, wait in long lines at Dubai airport for their final trip home yesterday.

UAE extends illegal immigrant amnesty

DUBAI (Reuters) - The United Arab Emirates on Saturday extended an amnesty for illegal immigrants, giving tens of thousands of people from the Indian subcontinent and southeast Asia another month to legalize their stay or leave.

"By Monday I expect around 70,000 people will leave the country and for the following month I think it will be a similar number and most of those people are illegal in the UAE," he said.

Matav buys 20% of Polish phone company

GALIT LIPKIS BECK

MATAV - Cable Systems Media, one of the country's leading cable TV operators, has signed an agreement to purchase 20 percent of Polish telephone developer RP Telekom (RPT) for nearly \$27.5 million, the company announced yesterday.

RPT, which is owned by a conglomerate of American, Israeli, Swedish and Polish investors - owns through subsidiaries licenses to compete with Poland's state-owned phone company, TPSA, by establishing and operating phone lines in various regions, covering a combined population of more than 7,000,000 people.

The agreement was signed with Trefoll Capital Investments, a fund with investments in the US and Poland, and Shamrock Holdings, the parent company of Shamrock

Holdings of California. Shamrock controls 7% of RPT's shares.

According to the agreement, Matav has agreed to make additional investments in RPT's equity, in accordance with Trefoll's and Shamrock's obligations. Matav also agreed to guarantee RPT's loans up to a maximum sum of \$19m.

Matav, founded in 1987, is owned by Daneker Investments, Hapoalim Electronic Communications and Hamania Gibstein, which each hold about 20% of the company.

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Visit of Japanese investors next week to go ahead

DAVID HARRIS

DESPITE the current tension between Israel and the Palestinians, a delegation of potential investors from Osaka, Japan will arrive here next week to examine the possibilities of establishing companies here.

Following the Cairo economic summit, scheduled for November, the presidents of 28 leading Japanese corporations are expected to visit here, in what will be the most senior private sector delegation from Japan to visit Israel.

Table with 4 columns: Currency (deposit for), 3 MONTHS, 6 MONTHS, 12 MONTHS. Includes exchange rates for various currencies like US dollar, Pound sterling, etc.

Advertisement: Invitation for Pre-Qualification. COM/Morganti wishes to procure the construction services of U.S., Palestinian or Israeli Well Construction firms...

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Advertisement: CommStock Trading Ltd. Jerusalem: City Tower, 34 Ben Yehuda, Tel. 02-624-4963; Fax: 02-624-4876.

Handwritten Arabic text: صكرا من الامن

China halts sale of Microsoft's Windows 95

BEIJING (Reuters) - Microsoft Corp has been forced to stop shipping its Chinese language Windows 95 operating system in China after the discovery of politically offensive phrases hidden in the software, officials said yesterday.

The offending phrases and graphic appeared to have been introduced by contracted programmers in Taiwan, Nelson said. Users found the problem phrases hidden among the thousands of Chinese words in a Windows 95 dictionary that could be inserted in text using keystroke shortcuts.

Shares fall sharply

TEL AVIV STOCK MARKET DAN GERSTENFELD



SHARES fell across the board in thin trading yesterday following clashes between Palestinians and IDF troops the past few days.

Precious metals futures close mixed COMMODITIES ROUNDUP

NEW YORK precious metals futures closed mixed on Friday, as precious metals opened lower but pulled away from the lows by mid-morning and held those levels into the close.

German unions ready to battle sick pay cuts

BONN (Reuters) - German trade unions squared up yesterday for a long battle over sick pay cuts imposed by a group of leading companies, a conflict which could threaten the basis of the country's entrenched social partnership.

But auto giant Daimler-Benz AG broke ranks, announcing it would impose the cuts from October 1, even though unions argue that full sick pay is written into their job contracts.

US House passes budget accord with Clinton's praise

WASHINGTON (Reuters) - The US House of Representatives late on Saturday easily passed a budget accord reached with the White House that President Bill Clinton hailed as bipartisan progress toward a balanced budget.

Matav buys 20% British phone com

Traders decided that the draw-down was a result of producers, who had lent metal to the market at the high prices, withdrawing their copper as prices are now lower and there is the anticipation of more copper coming out on the market, said one copper source.

TEL AVIV STOCKS

Table of Tel Aviv Stocks with columns for Name, Price, Change, Volume, and Market Index. Includes sections for Multi-sided trading and Two-sided trading.

IRAEL MONEY

IRAEL MONEY... The crop in the Southeast states is in good condition, except for North Carolina, which was damaged by hurricane Fran.

SUMMIT

Netanyahu told ABC's This Week with David Brinkley he would come to Washington without preconditions, but that Arafat "has to be prepared to shoulder his responsibility not to engage in violence and not to allow his police, his armed police, to shoot at Israeli soldiers."

Iraq's dinar falls, prices soar

BAGHDAD (Reuters) - Iraq's dinar is falling and prices of essential commodities rising, exacerbating life for millions of Iraqis striving to make ends meet under crippling UN trade sanctions.

ISRAEL DISCOUNT BANK logo and text.

